

Montana State Legislature

2013 Session

ADDITIONAL DOCUMENTS MAY INCLUDE THE FOLLOWING:

- **Business Report**
- **Roll Call – Attendance**
- **Standing Committee Reports**
- **Tabled Bills**
- **Fiscal Reports etc.**
- **Roll Call Votes**
- **Informational Items**
- **Witness Statements**
- **Any Documents; such as;**
 - * **Petitions if any.**
 - * **Any and all material handed end after the meeting ends.**

**The original is on file at the
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BUSINESS REPORT

**MONTANA HOUSE OF REPRESENTATIVES
63rd LEGISLATURE - REGULAR SESSION**

HOUSE EDUCATION COMMITTEE

Date: Monday, April 8, 2013

Place: Capitol

Time: 3:00 PM

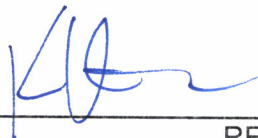
Room: 137

BILLS and RESOLUTIONS HEARD:

SB 175 - Generally revise public education funding - Sen. Llew Jones

EXECUTIVE ACTION TAKEN:

Comments:

A handwritten signature in blue ink, appearing to be 'KH', is written over a horizontal line.

REP. Kris Hansen, Chair

HOUSE OF REPRESENTATIVES
Roll Call
EDUCATION COMMITTEE

DATE: 4/8/2013

<u>NAME</u>	<u>PRESENT</u>	<u>ABSENT/EXCUSED</u>
REP. KRISTIN HANSEN, CHAIR	X	
REP. JOANNE BLYTON, VICE CHAIR	X	
REP. EDIE MCCLAFFERTY, VICE CHAIR	X	
REP. BRYCE BENNETT	X	
SPEAKER BLASDEL		X
REP. CLARENA BROCKIE	X	
REP. DOUGLAS COFFIN	X	
REP. EDWARD GREEF	X	
REP. DAVID HALVORSON	X	
REP. GREG HERTZ	X	
REP. SARAH LASZLOFFY	X	
REP. JONATHAN MCNIVEN	X	
REP. JEAN PRICE	X	
REP. DAN SALOMON	X	
REP. CASEY SCHREINER	X	
REP. NICHOLAS SCHWADERER	X	
REP. TED WASHBURN	X	
REP. FRANKE WILMER	X	

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HOUSE EDUCATION COMMITTEE

Monday, April 8, 2013

SB 175 - Generally revise public education funding

Sponsor: Sen. Llew Jones

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[illegible]

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.

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SB 175 - Generally revise public education funding

Sponsor: Sen. Llew Jones

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Name	Representing	Support	Oppose	Info
LARRY Crowder	Culbertson Public Schools	X		
Tim Brown	Laurel School Dist.	X		
Steve Johnson	Bozeman Schools	X		
Daryl Schliem	Bozeman Chamber	X		
Tammy Lacey	Great Falls Public Sch.	X		
Patrick E. McCall	Amundson Community Coll. Lawrence Robert + Grand Falls	X	X	
Les Meyer	Fairfield Public Schools	X		
Sue Sweeney	Helena Public Schools	X		
Cary Hegreberg	Contractors Asso.	X		
Debbie Hayman		X		
Heidi Oleson	Bozeman Schools	X		
Teresa Stroebe	Belling Schools Chem	X		
KRIS KWEIN	MTA Public Schools	X		
Rancho Clinic	Frenchtown Public Schools	X		
Susan P. Mavor	Bozeman taxpayer	✓		
E. J. Redding	Bainville Public Schools		X	
LANCE MELTON	MTSEA	X		
Chad Fudge	Cavalline School District	X		
Anne Hedges	MEIC		X	
Clayton Elliott	Northern Plains		X	
Andrea Johnson	Townsend Schools	X		
JAN CAHILL	GREAT FALLS P. SCHOOLS GREAT FALLS SCHOOLS	X		

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Name	Representing	Support	Oppose	Info
Fred Holman	Harrison Public Schools	✓		
Ann Holanson	Harrison Public Schools	✓		
Lora Tauck	Etalaka Public Schools	✓		
Helen King	Etalaka Public Schools	✓		
Patricia Hubbard	Billings Public Schools	✓		
Kathleen Aragon	Billings Public Schools	✓		
Terry Bouch	Billings Public Schools	✓		
MARY SNEENY MUE	GRAND FOLDS PUBLIC SCHOOLS	✓		
Tim Tharp	MREA + Sunburst Schools	✓		
Leland Stocker	Harre SD + MASS	✓		
Andy Carlson	Harre Public Schools	✓		
Dekkerhuel	Sidney Public Schools	✓		
STEVEN WHIT	MCHA		X	
Candy Lubansky	Belgrade Public Schools	✓		
Gay Bates	Belgrade Public Schools	✓		
Paul Finnigan	Carlbertson Public Schools	✓		
Denise Ulberg	MASBO	✓		
Mike Longbottom	Laurel Public Schools	✓		
Dean V. Jardee	Vaughn School	✓		
DAVE CARR	AMERICAN EAGLE			X
Kris E. Mayruder	Big Sky Special Needs	✓		
Mike Arnold	Harre	✓		

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.

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SB 175 - Generally revise public education funding

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Name	Representing	Support	Oppose	Info
Daniel T. Franz	Sidney Public Schools	X		
Rob Hankins	Hardin Public Schools	X		
Scott Chauvet	7+ Benton Schools	L		
Beutler Family	SD2	X		
GARY LUGN	SD7 Bozeman	X		
Don Martin	Self	X		
Margaret Eller	Fairfield Public Schools	X		
Marco Ferro	MEA MFT	✓		
Mary Ruby	Sch Dist #5 Kal	✓		
Tara Goodwin	SD2	X		
ROBERT BAYUK	ILSM	X		
CHERYL CRAWLEY	GREAT FALLS PUBLIC SCHOOLS	X		
MARK LAMBRECHT	MQEC	X		
Richard Dunbar	Phillips Co & Oil & Gas Co		X	
Marsha Daves	L & C Co. Supt	X		
Beeley Stockton	Self		X	
Elaine Herman	Eagle Forum	X	X	
Elaine Herman	Self	X	X	
Barbara Rush	Self		X	
Phyllis "Fee" Lamping	Self		X	
Linda Gryczan	MT Women's Lobby	✓		
Chris Canales	MT AFL-CIO	✓		

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.

1. Why does the bill create and invest taxpayer money in a “Data Task Force”?

The “Data Task Force” represents the best of practice and a minimal expense in beginning work towards the most effective system for advancing student achievement. The best schools across the nation, in fact, around the world are those that effectively and efficiently embrace technology to empower parents, teachers, administrators, and other decision makers in their efforts to individualize student education for the remedial to the gifted. Investment in technology is expensive, and there are numerous instances, both in Montana and elsewhere, where “top down” designs have failed, for example the Points system in the Department of Revenue cost the state millions with no results. The most successful systems are those that, during the design and setup phase, engaged the key stakeholders to ensure the final product had both merit and buy in.

2. Why is the Task Force not appointed by the Governor, President of Senate, and Speaker of the House?

This is not a political partisan task force as student achievement is not partisan; it is a practical task that needs key stakeholders involved. The Chairs and Vice Chairs of the respective Senate, House, and Joint Education Committees are very familiar with those most active and engaged stakeholders in student education. Appointments made in this manner will have a much greater buy in from the stakeholders and will be much more focused on a viable system and less on partisan politics.

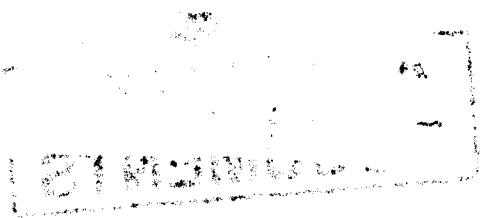
3. Why does the bill provide for the ability for trustees to add Over-Base levy without a vote as referenced in 30 of the bill fiscal note?

30. Section 7 of SB 175 also allows trustees to reduce nonvoted property taxes, also known as permissive levies and add them to the over-BASE budget levy without a vote. This allows school districts to move permissive levy authority from other budgeted funds to the district general fund without voter approval.

The language in the bill, for the first time ever, empowers local trustees to make an actual choice as to where cuts should occur. For example: a school experiencing declining student populations is required by the school formula to cut funding from their student general fund, while being able to effectively maintain their funding levels in areas such as transportation or technology. Under the methodology in this bill, cuts would still occur, but the trustees could chose to cut from other sections, such as transportation (buses), while leaving dollars to impact student achievement. This wording hugely empowers the trustees with local control to focus upon their elected responsibilities, while still guaranteeing that the tax payer will see the reductions required by the formula. This verbiage is good government that empowers flexible local control.

4. This bill spends too much money on students.

- a. First at the 100,000 ft. level: The premier nationwide measurement of schools is the National Assessment of Educational Progress (NAEP). Montana schools consistently turn in a top 10 performance (currently number 2 in 8th grade) while being funded at 29th per student in the country, and 42nd on infrastructure level. States such as North



Dakota and Wyoming fund at far higher levels. Thus, both on a nationwide basis and a relative local state basis, the "fund too high" does not pass muster.

- b. Schools, by statue, have inflation factors that are built into their funding based upon a 3 year average to ensure smoothing. When the great recession hit the 2009 Legislature, Montana was not able to continue to fund schools at inflation as required by statue, especially as the inflation factors where pointed backward at the highs (Inflation was well over 3%, in 4% range). The state effectively asked the schools to take significant cuts as there was simply no money, with the thought that when the formula pointed at the lows, as it is now (.89%, and 2%), adjustments would made to offset previous actions. The reality is that funding in this bill that goes to schools does not even get schools back to an inflation line coming forward out of 2009. See the chart in the detailed explanation.
- c. Approximately half the funding in this bill goes to taxpayers to reduce property taxes and to severe growth oil regions to offset impacts. Those that like to "black helicopter" this bill refer to this as school funding, but it is truly tax relief in the actual area where property taxes have risen at 2X inflation done in a manner that does not increase inequity between schools or areas. In future years these costs will not be included in school funding models further demonstrating this is not school funding.

5. The property tax amount in this bill is not significant.

This sounds very much like a federal government statement. The truth is that \$25 million in property tax relief as a starting point is significant. Moreover, as the amount is linked to our growing natural resource industry, this \$25 million has the potential to grow to become a huge offset as has happened in other states.

6. This bill impacts the 95 mills and thus both reduces equity between areas that have significantly different taxable values while returning tax dollars to those areas that already have some of the lowest mills.

This bill absolutely does not touch the 95 mills. What this bill does is require that 50% of the current production tax dollars be directed into the permissive mill section of the school formula. The initial starting point is both floored and operates on a 2 year lag to ensure that schools will have no variability in their funding stream.

7. Oil and Gas is too variable to use for funding.

- a. The Oil and Gas production tax currently is directed to the state general fund. The combination of K-12 education and higher education consume 51% of the state general fund today, so 51% of the oil and gas production taxes are already part of schools' budgets. This bill merely offers the school property tax payer a permanent reduction that is linked to this growing source.
- b. Comparing the oil and gas production tax dollar variability to the corporate tax variability over the past 20 years reveals that there are not significant differences. In fact, over the last 5 years, corporate income tax was more variable.

**ADDITIONAL
DOCUMENTS**

- c. School funding from all sources is approximately \$1.6 billion. The \$25 million dollars that would be directly linked to O&G represents 1.5% of the total and thus is not large enough to be truly a significant factor in variability.
- d. The time lag in which the bill includes oil and gas ensures that the Legislature will be in session and have the opportunity to respond to any unforeseen circumstances.
- e. The concept for inclusion that is utilized in SB175 is based upon successful best practices from other resource states.

8. The distribution Formula in this bill should be linked to ANB (Average Number Belonging) and not to the Quality Educator.

- a. Nearly 80% of Montana schools see the Quality Educator form of distribution as favorable.
- b. In the last two court cases, both Columbia Falls I & II, the court found the formula to be equitable.
- c. The school districts themselves, the actual stakeholders in this discussion, have agreed and support the distribution methodologies found in this bill.

9. The County Oil and Gas Impact Fund no longer distributes to areas of need.

- a. The previous wording put into statue associated with the County Oil and Gas Impact fund required that it only distribute to contiguous counties that have no oil and gas dollars. As nearly every contiguous county has some oil and gas dollars, just not sufficient to meet impacts, this fund was effectively non-functional.
- b. Under SB175, contiguous counties are serviced via the "concentric circle" impact mitigation. Thus the challenge is now noncontiguous counties that have some oil and gas production, just not sufficient to meet needs. What tends to occur, especially with the Oil and Gas 18 month drilling incentive tax holiday, is that impacts arrive up to 2 plus years prior to production tax dollars and this new wording addresses that void.
- c. Montana Association of Counties (MACO) has been working to help pen language that will clarify the actual distribution.

10. The Base Entitlement change in this bill should be per program or per school instead of per student based.

SB175's focus is on student achievement. The bill funds at the educationally relevant population breaks (250 elementary, 400 middle school, and 800 high school). By funding populations, the focus is upon the student, not upon encouraging the build out of infrastructure. Local trustees will still be empowered to direct dollars to infrastructure, but this bill does not incentivize or advocate infrastructure over students.

11. This bill is all about spending and has no student achievement reforms.

- a. For the first time ever, this bill unlinks seat time from accreditation. As such, this bill drastically enhances the opportunity for student achievement from the remedial to the gifted in that the focus can become about improved individualized student outcomes relative to the current input standard that associates accreditation with "bells and cells".

ADDITIONAL DOCUMENTS

11 *Com*
12 *Care*

- b. For schools to lose accreditation under SB175, schools will have to fail both input **and** output standards. If a school is meeting outcome standards, they don't have to worry about losing accreditation over input standards. This again focuses education on outcomes.
- c. The whole data focus and funding is now from the local district up versus the old paradigm of the state down. The old paradigm associated with data was one of the IRS, of a hammer, where data was sent to the state, and the state used its hammer to enforce compliance with rules. The new paradigm is one of illumination, where the data focus is on providing parents, teachers, and students with the information needed for individualized student achievement. The data funding now goes to schools directly, empowering them to act as customers, to demand the right product for their personal situations.
- d. This bill empowers trustees to make decisions as to where to cut and where to spend (see 3 above).
- e. SB175 levers Guarantee Account Bonus Payments (Otter Creek) to be actually used by schools to address the millions of dollars of deferred maintenance that exist across the system in Montana while also helping reduce local property tax burdens. Further, if a school has already taken care of its maintenance, this bill provides enhanced flexibility.
- f. This bill directs O&G dollars to areas where impacts occur. Impacts do not recognize invisible District or County Boundaries, thus SB 175 directs dollars to areas of need. Consider that schools such as Sidney Elementary, or that towns such as Ekalaka, Glendive, Miles City, and Wolf Point all have little O&G production dollars in their area, but have huge impacts that need mitigation. The student in these communities, and others just like them, need this bill.
- g. SB175 allows O&G to be used for bonding to correct a problem that was created in 1989 when the Oil and Gas severance tax was converted to the current production tax.
- h. SB175 changes the student count to 3 times a year from 2 and lowers the trigger for receiving extra state dollars from 6-4%, or 25 new students to ensure that the new school formula reflects the needs of Montana's current very mobile population. This helps large schools like Billings and small schools like Culbertson.
- i. SB175 addresses current issues in the law where the inflation formula is not applied correctly thus reducing the states potential lawsuit risk.
- j. SB175 rebalances equity between schools via addressing a better fit of the base entitlement formula.
- k. Impacted oil schools that demonstrate educationally relevant need for more facilities will qualify to retain extra production tax dollars to build needed space at \$300.00 per sq. foot.
- l. Oil and Gas schools are empowered with local control (flex funding) over the use of the majority of their retained O&G production dollars as only 25% will need to be directed to the General Fund.
- m. Impacted schools with a budget of less than 1 million dollars are granted additional flexibility to mitigate impacts with production dollars.

April 3, 2013

Common Core Standards funding needs to be postponed until it can be further reviewed for cost and public input.

My name is Wendy Franks, I live in Billings, I am married and a mother of two boys, 6 and 3 years old. I decided to look into Common Core after it was mentioned by a PTA member and I believe it was hastily implemented and needs to be reviewed.

The Office of Public Instruction's website states, on November 4, 2011, Montana adopted the Common Core State Standards. How can a new national curriculum be adopted by Montana and approved with no public input, no cost analysis prior to approval and no legislative approval when changing the curriculum means more state funding will be required?

There was no public input requested from the tax payers and property tax payers, the same people that are asked to fund the implementation of Common Core Standards. The meetings that were held to discuss adopting Common Core were professional meetings with teacher and administrators; it was never opened up to public comment.

The Office of Public Instruction adopted the new curriculum Common Core, that has very substantial costs for new technology, more teachers, new textbooks, and teacher training, before it did a cost analysis? It adopted Common Core November 4, 2011 and the Legislative Fiscal Division produced their report (Fiscal Analysis on Impact of Common Core Standards for Mathematics and Language Arts) January 19, 2012. The Office of Public Instruction adopted a Common Core, something that affects every school district, every school teacher, every child, every parent, every tax payer and property owner in Montana without a cost analysis first? How is that even possible? Here in Billings for School District 2, the district cost analysis shows our district has a one year short fall of \$1.9 million and that's not even counting ongoing costs of implementation. Where are schools going to get the funds to implement this all from the state? Mill Levies?

The Office of Public Instruction bought into Common Core, adopted it and started implementing it without letting the Montanan Legislators -the people that are suppose to be representing Montanans, have any input. The Office of Public Instruction just handed you a bill and you paid for it without even asking the details, they took away your authority.

Not only did you pay for it but you added a new section to SB0175.02, page 45, it states:

"NEW SECTION. Section 31. Purpose of increased funding beyond inflation. The purpose of increases in state funding of BASE aid, as defined in 20-9-306, that a school district uses to increase its previous year's adopted general fund budget by an amount in excess of the inflation calculated in compliance with 20-9-326 are for the purpose of assisting school districts in meeting costs of implementing the common core curriculum and related changes to the Administrative Rules of Montana adopted by the Montana board of public education during fiscal years 2012 and 2013 and to continue to enhance efforts at improving academic achievement for students enrolled in Montana's public schools.

Authorized Print Version - SB 175"

The Office of Public Instruction also hands a bill to cash strapped school districts without wondering if we can afford the costs? The teachers at Poly School are limited to 10 copies a day to keep to a budget but yet they are told to implement something that the Office of Public Instruction didn't even wait to see the cost analysis from the Legislative Fiscal Division before mandating school districts jump on board. Here in Billings the school district is already proposing 2 mill levy initiatives totaling \$2.28 million, these funds are not for common core implementation.

The Office of Public Instruction also adopted Common Core Standards during the interim session, which to my knowledge is illegal since implementing Common Core has a cost associated with it but you can verify that fact.

Please freeze the funding to implement Common Core until it can be further reviewed by school districts, parents, tax payers, and the legislature. Please call me at 690-2443 or email me at wendyfranks1@gmail.com.

Thanks for your time,

Wendy Franks PO Box 241, Billings, MT 59103

**ADDITIONAL
DOCUMENTS**

Stockton, Marissa

From: TQMROBERT@aol.com
Sent: Monday, April 08, 2013 11:31 AM
To: Stockton, Marissa
Subject: Common Core in SB 175

**ADDITIONAL
DOCUMENTS**

Dear Members of the House Education Committee,

SB 175 contains several section which implement the Common Core curriculum into Montana public schools. These sections need to be removed from Sen. Jones' bill. They need to stand on their own, in a separate bill, not hidden among considerations of oil and gas money to finance public schools.

In your discussion in House Education today, please remove from SB 175:

Sec. 1 - Enhancing the statewide K-12 data system..."

Sec. 2 - Payment of Data for Achievement - \$20 x ANB in each school district

Sec. 31 - State assists school districts in meeting costs of implementing Common Core and related changes to the Administrative Rules of Montana, adopted by the Montana Board of Public Education.

Thank you.

Sincerely,

Nancy Robertson
76 Hitching Post Road
Bozeman, MT 59715